



City of Seattle

Office of City Auditor

Susan Cohen, City Auditor

Date: August 29, 2002

To: The Honorable Greg Nickels
Seattle City Councilmembers

From: Susan Cohen, City Auditor
Rona Zevin, Director, Office of Electronic Communication

Subject: AT&T BROADBAND AND INTERNET SERVICES' COMPLIANCE
WITH THE CABLE CUSTOMER BILL OF RIGHTS

Attached is a joint report from the Office of City Auditor and the Office of Cable Communications, AT&T Broadband and Internet Services' Compliance With the Cable Customer Bill of Rights. We prepared this report to determine whether AT&T Broadband and Internet Services (AT&T) is complying with the requirements of the Cable Customer Bill of Rights as described in Seattle Municipal Code 21.60.

We appreciate the cooperation we received during the course of this audit from AT&T. They allowed us plenty of time at their call center and provided us access to employees for interviews.

We asked AT&T to comment on the draft of this report. We gave them several weeks to respond, however, they did not respond to the report.

If you have any questions regarding this report, please call Jill Novik of the Office of Cable Communications at 684-8583, or Scottie Nix of the Office of City Auditor at 233-1094.

Sincerely,

Susan Cohen
City Auditor

Rona Zevin
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**AT&T BROADBAND AND INTERNET
SERVICES' COMPLIANCE WITH THE CABLE
CUSTOMER BILL OF RIGHTS**

AUGUST 30, 2002

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EXECUTIVE SUMMARY

In October 2001, the Office of City Auditor and the Office of Cable Communications initiated their second audit of video services for AT&T Broadband's compliance with the City's Cable Customer Bill of Rights, which is outlined in Seattle Municipal Code (SMC) Chapter 21.60.¹ The audit team reviewed areas of non-compliance identified during a 1999 audit, as well as additional elements of the Cable Customer Bill of Rights.

This 2001 audit covered five areas of compliance within the Cable Customer Bill of Rights. The following is a summary of the results:

1. Overall Customer Service Requirements

- AT&T provides courteous service to video customers, but customers reported dissatisfaction resulting from the relocation of local call centers to other states and poor communication between AT&T offices and technical field staff. AT&T reported that it generally meets requirements for installation appointments, but, due to inadequate reporting, audit staff questioned the accuracy of the information that was reported.

2. Service Centers

- AT&T does not comply with the Cable Customer Bill of Rights Service Center requirement.

3. Security Fund

- AT&T complies with the Cable Customer Bill of Rights Security Fund requirement to provide an escrow agent with an annual security deposit of fifty cents per customer.

4. Privacy of Seattle Customers

- The Office of City Auditor and the Office of Cable Communications did not find any evidence suggesting that AT&T failed to meet the Cable Customer Bill of Rights privacy requirements.

5. Follow-up of Prior Audit Report Issues

- AT&T continues to inadequately track and report to the City on residential installations, customer complaints, service request disposition, service interruption disposition, and customer contacts after installations.
- Although credits are given, they are still determined by AT&T policy and the practices of individual Customer Service Representatives, rather than adherence to the Cable Customer Bill of Rights.

¹ The Cable Customer Bill of Rights did not explicitly include Internet service requirements at the time of this audit. Consequently, Internet operations were not included as part of the audit scope. Seattle City Council amended the Cable Customer Bill of Rights in April 2002 to include Internet service requirements; therefore future audits will include Internet service requirements as well as video operations requirements.

Green dot = Office of City Auditor (OCA) satisfied Yellow dot = OCA partially satisfied Red dot = OCA not satisfied with progress

FINDINGS AND RECOMMENDATIONS

1. Overall Customer Service Requirements

Courtesy and Knowledge of AT&T Staff

The Customer Service Representatives (CSRs) we observed during this audit were uniformly courteous and helpful. At the time of the audit, the AT&T call center had been outsourced to a location outside of Washington and the local AT&T personnel we observed and interviewed were largely higher-level “escalation” staff who were more experienced and skilled than the outsourced call center personnel. In interviews, AT&T staff consistently identified the outsourcing as contributing to reduced customer and staff satisfaction. Staff stated that they did not believe that the outsourcing resulted in good customer service, and that it was demoralizing to deliver reduced quality service.

CSRs also commented on poor communication between AT&T technical field staff and office staff. Customers also reported frustrating experiences with numerous service calls required to solve a problem. Multiple calls were needed because different technicians would attempt to deal with a customer’s problem without the history or any information regarding previous attempts to fix the problem. The Office of Cable Communications staff has received many comments from citizens on this issue, and has communicated these concerns to AT&T management, but has seen no improvement in AT&T’s performance.

Recommendation: AT&T should institute a more effective tracking system to ensure more efficient communication between field staff, office staff, and customers.

Residential Installations

AT&T reports indicate that cable installation occurs, on average, within the seven-day requirement. However, AT&T has not provided verifiable information about the number of installations not made within the seven-day window.

AT&T does not report on appointments it does not meet within the required four-hour window. Based on complaints received by the Office of Cable Communications staff, it is believed that the four-hour window is frequently not met.

Recommendation: AT&T should provide the City with reports on the number of customers who did not receive installation within seven days and the amount of compensation customers received for this delay. AT&T should also provide reports regarding appointments missed and the compensation customers received for failure to meet the four-hour requirement. (See Section 5: Follow-up of Prior Audit Report Issues regarding additional reporting requirements.)

● Customer Information

Under Cable Customer Bill of Rights, franchise, and Federal Communications Commission standards, cable companies are required to provide a 30-day notice to customers of significant changes to rates and channel line ups. Currently, AT&T policy is to place a notice in the newspaper to satisfy this requirement. Although such a practice is considered acceptable under federal regulations, such a practice does not, in fact, satisfy AT&T's Seattle customers or the intent of the notice provisions. The Office of Cable Communications receives a significant number of complaints from customers who indicate that they have not received notice of such changes prior to their occurrence.

We noted that, as in the past, the AT&T office and the five payment centers do not display City of Seattle Cable Customer Bill of Rights brochures. Similarly, AT&T field technicians inconsistently give new customers the Cable Customer Bill of Rights brochure upon cable installation.

Recommendation: At a minimum, AT&T should include important customer information on its billing statements, on the cable system, and the Internet. AT&T should also provide new channel line up cards to each customer when channels are changed. Additionally, AT&T should ensure that brochures are available in sufficient quantities at all customer facilities and with service personnel to give new customers a brochure upon installation.

2. Service Centers

● Requirements for In-Town Offices Are Not Being Met

On November 16, 2001, staff from the Office of City Auditor and the Office of Cable Communications visited the AT&T office and payment centers to review compliance with the Cable Customer Bill of Rights. In addition to an AT&T-staffed office at N 94th Street, east of Aurora Avenue in Seattle, AT&T customers can pay their bills at five other Seattle locations. These payment centers, which are private businesses, are in the following locations: Military Road South in Tukwila; downtown Seattle at the Turf Restaurant; the White Center Pharmacy; the Westside Pharmacy at California Avenue SW, approximately halfway between the Alaska and Morgan Street junctions; and the Lake City business district. Pictures of the payment centers are shown in Figure 1.

Cable Customer Bill of Rights Service Center requirements include the following:

- Accepting bill payments;
- Allowing equipment exchanges;
- Processing change-of-service requests;
- Responding to customer inquiries and information requests;
- Operating during specified hours (including evenings and Saturdays);
- Being located along transit routes;
- Displaying information containing the City of Seattle's telephone contact numbers; and
- Displaying information about the Cable Customer Bill of Rights.

Figure 1: AT&T Customer Facilities



AT&T Office at N 94th Street, east of Aurora Avenue



Military Road South in Tukwila



Downtown Seattle



White Center Pharmacy



Westside Pharmacy, California Avenue SW



Lake City

Photos by Office of Cable Communications and Office of City Auditor, November 2001

Of the six centers we visited during the audit, one (Tukwila) is no longer in operation and none of the remaining sites complied fully with the following Cable Customer Bill of Rights service requirements. (See Table 1 for details on each center's compliance with the Cable Customer Bill of Rights.²)

² Seattle Municipal Code 21.60.820.B.

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The office and centers varied in the degree to which they provided required services and complied with the standard hours of operation. Neither the AT&T office nor the payment centers provided informational brochures on the Cable Customer Bill of Rights. None of the payment centers provided opportunities for equipment exchange, the ability to change service, posted hours of operation, or displayed any information related to the City of Seattle. Only the AT&T office and the downtown payment center were open during the required hours of operation. All of the centers and the office were located along a transit route, were handicapped accessible, and were visible. The downtown center could be considered unsafe by virtue of its location in a high-crime area (a member of the audit team received unwanted attention during the visit). It should also be noted that there is no office east of Interstate-5 south of Lake City.

In violation of the Cable Customer Bill of Rights, the White Center facility posted a sign stating that AT&T customers would be charged one dollar per transaction. When we informed AT&T of this finding, they were concerned and said they would put an immediate stop to that practice. At another facility, the owner indicated that he was being pressured to start charging a fee by the person collecting the payments. He stated that he was opposed to charging for this service, as he believed it would alienate his customers. We also noted that two centers reported that AT&T took two to seven days to post payments to customer accounts.

AT&T is not complying with the requirement that it provide at least one service center for every 75,000 customers. Currently, there is only one full-service AT&T office. With approximately 140,000 video customers and 42,000 Internet customers, the Cable Customer Bill of Rights could be interpreted as requiring two or three full-service offices. None of the centers in operation, including the AT&T staffed office, fully complied with the Cable Customer Bill of Rights office requirements. (See Table 1 Summary of Results by Location and Cable Customer Bill of Rights Requirement.) The payment centers are limited in the services and information they provide, hours of operation, and ability to give same-day credit to customers. In addition, the geographic distribution does not adequately serve Southeast Seattle, Magnolia, and the northwestern part of the City. These Seattle residents are without convenient in-person payment options. (See Figure 2 for a map of the AT&T Customer Facilities Locations.)

Currently, the City of Seattle has imposed liquidated damages on AT&T for failure to provide appropriate offices. As part of the conditions for the proposed AT&T Comcast transfer, AT&T has agreed to pay the liquidated damages and comply with the requirement for a second in-town office by October 18, 2002.

Recommendation: AT&T should take steps necessary to comply with the Cable Customer Bill of Rights service center requirements. We strongly support the agreement's requirement for the opening of a second, conveniently located, full-service office.

Table 1

Summary of Results by Location and Cable Customer Bill Of Rights Requirement

	AT&T Office 94th Street	Military Road	Downtown Seattle	White Center Pharmacy	Westside Pharmacy	Lake City
Accepts payments and makes changes for customers	Yes	No longer in operation	Yes	Yes (3, 4)	Yes (5)	Yes (7)
Equipment exchange	Yes	No longer in operation	No	No	No (6)	No (8)
Makes changes to customer service levels	Yes	No longer in operation	No	No	No	No
Answers customer inquires	Yes	No longer in operation	No	No	No	No
Hours are clearly posted	Yes	No longer in operation	Yes	Yes	No	Yes (9)
Hours comply with Cable Customer Bill of Rights requirements	Yes	No longer in operation	Yes	No	No	No
Has information about the City of Seattle Cable Customer Bill of Rights	Yes (1)	No longer in operation	No	No	No	No
Cable Customer Bill of Rights brochures are available for customers	No (2)	No longer in operation	No	No	No	No (10)
Located in a safe location	Yes	No longer in operation	No	Yes	Yes	Yes
Located on a transit route	Yes	No longer in operation	Yes	Yes	Yes	Yes
Accessible to all	Yes	No longer in operation	Yes	Yes	Yes	Yes (11)
Cable company information is available	Yes	No longer in operation	No	Yes	No	No

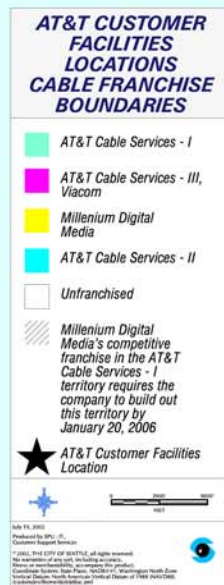
Notes:

1. Customer Service Representatives (CSRs) were able to discuss the City program.
2. None were visible; upon asking, outdated brochures were displayed. CSR noted that brochures "go really fast." Office not as active and contained less information than during previous audit.
3. Not open during required hours.
4. \$1.00 service charge per transaction.
5. Payments picked up every 4-7 days; have to call to get payment posted.
6. Drop-off only; no exchange, no pickups.
7. Payments posted 2-5 days after payments were made.
8. Listed as a drop-off point, but it was not.
9. Not open during required hours.
10. In the past, had brochures and customers want them; would display brochures if delivered.
11. Handicapped access not readily apparent.

Source: Office of Cable Communications and Office of City Auditor, November 2001

Green dot = Office of City Auditor (OCA) satisfied Yellow dot = OCA partially satisfied Red dot = OCA not satisfied with progress

FIGURE 2: LOCATION OF AT&T FACILITIES



Green light = OCA satisfied Yellow light = OCA not completely satisfied Red light = OCA not satisfied with progress

3. Security Fund

● Cable operators are required to provide a City-approved escrow agent with an annual security deposit of fifty cents per customer. The escrowed "Security Funds" are reviewed and maintained annually by the cable operator, and are to be replenished within 14 days in the event that an amount greater than ten percent of the fund is withdrawn. The fund serves as security for the payment by the City Office of Cable Communications of any Cable Customer Bill of Rights penalties, fees, charges, or credits and for the cable operator's performance of all its customer service obligations.

To date, the City has not needed to draw on the Security Fund for any violations of video service to citizens nor for payments or penalties to the City. AT&T has maintained the fund at the required level and has replenished the fund in accordance with the Cable Customer Bill of Rights requirements.

4. Privacy of Seattle Customers

● The Cable Customer Bill of Rights prescribes limited standards for maintaining customer privacy consistent with federal regulations.³ To date, the City has not received any complaints from customers regarding violations of their privacy.

5. Follow-up of Prior Audit Report Issues

● Reporting Requirements Are Not Being Met

In the October 4, 2000, AT&T audit, there were four areas in which reporting requirements were not being met: residential installations, customer complaints; service request disposition; service interruption disposition; and customer contacts after installation. Despite the City's numerous written and verbal requests to AT&T for copies of required complaint files, complaint procedures, training manuals, and other documents for this audit, AT&T did not provide them. At this time, there has been no improvement in AT&T's complaint reporting, service request disposition, and service interruption disposition. In addition, the City did not receive the required franchise annual report due on April 30, 2002, until July 9, 2002.

The definition of complaint has been an issue of disagreement between the City and AT&T managers. The City has since amended the Cable Customer Bill of Rights to clarify the City's understanding of the definition of complaint for AT&T. However, when City staff interviewed customer service representatives about their jobs, they used the City's definition of the word complaint, rather than AT&T management's. A revised definition adopted as part of the Cable Customer Bill of Rights April 2002 amendments should clarify this issue for AT&T's future reporting.

Following the previous audit, AT&T initiated required contacts with customers after installation. Although AT&T occasionally provides copies of a few complimentary notes from customers following installation or repair of cable services, it has not provided the City with systematic reports about these contacts.

³ In May 2002, amendments to the privacy section of the Cable Customer Bill of Rights were adopted by the Seattle City Council, which clarified and strengthened the privacy regulations in accordance with federal law. These amendments will be covered in subsequent audits.

Recommendation: AT&T should adopt a reporting system that will be responsive to City requirements for reporting on residential appointments, customer complaints, service request disposition, service interruption, and customer contacts after installation. It is our understanding that an adjustment of the computer system to respond to this requirement can be made without significant cost to the company.

● Customer Complaints Do Not Always Result in Credits

In this audit, as in the previous audit, City Auditor and Cable Communications staff monitored several Customer Service Representatives (CSRs) working with customers. All of the CSRs provided very courteous service and attempted to resolve problems with customers without putting them on hold or transferring them to a supervisor. CSRs consistently advised customers of the company's policy (and Cable Customer Bill of Rights requirements) for "on time guarantee" for installation and service appointments. It appeared that CSRs generally awarded credit for outages, an improvement from the previous audit, when that particular credit seemed to be issued randomly.

We also observed, however, that awarding credits seemed to vary with the individual CSR; some were more generous than others. Although all of the CSRs indicated an awareness of the Cable Customer Bill of Rights, they were generally unfamiliar with the specifics, and when awarding credits they did not take into account the guidelines and specified amount outlined in the agreement.

Recommendation: AT&T should provide ongoing training for CSRs on the Cable Customer Bill of Rights. We also recommend that AT&T supervisors include adherence to the Cable Customer Bill of Rights in the CSR performance evaluation.

Office of City Auditor Report Evaluation Form

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Your feedback helps us do a better job. If you could please take a few minutes to fill out the following information for us, it will help us assess and improve our work.

* * * * *

Report: **AT&T Broadband and Internet Services' Compliance With the Cable Customer Bill of Rights**

Please rate the following elements of this report by checking the appropriate box:

	Too Little	Just Right	Too Much
Background Information			
Details			
Length of Report			
Clarity of Writing			
Potential Impact			

Suggestions for our report format: _____

Suggestions for future studies: _____

Other comments, thoughts, ideas: _____

Name (Optional): _____

Thanks for taking the time to help us.

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